

CALNET II RFP DGS-2053 Question and Answer Set #2
November 24, 2004

The answers contained in this Question and Answer Set are in response to the questions presented by vendors to be addressed at the bidders conference and are not all inclusive. Additional answers to questions submitted for the bidders conference will be issued as responses are developed.

General Response: In determining its strategy for the CALNET-II procurement, the State has carefully considered a multitude of issues, conditions, and inputs. These have included considerations from all major stakeholder groups including State policy, legal, management, and technical experts; State and local agency CALNET customers; potential vendors and potential technologies; related developments of the federal government and other states; the fiscal and management responsibilities and resources of the State; and existing regulatory constraints and considerations. The State is aware that the present telecommunications environment is in the midst of significant change, which provides both opportunities and risks.

The State appreciates that given the diverse interests, perspectives and capabilities of the various potential vendors, there are numerous and diverse points of view regarding the State's chosen procurement strategy for CALNET-II. An overview of this strategy is described in RFP Section 1. This strategy is based on the needs of the State, and CALNET customers at this point in time. The State has carefully considered its options and its business needs, and will not tailor its requirements to meet vendor solutions.

The State is not precluding any vendor from bidding converged services. However, the vendor's proposed solution must accommodate legacy services to mitigate the risks and potential costs of migrating to converged services.

The State's procurement process is designed to provide significant opportunities for iterative communication and understanding between the State and each bidder, in order to solicit the best possible responses to the State's needs. The State encourages all potential bidders to avail themselves of the opportunities, and within the procurement methodology prescribed in the RFP, to present their best possible solutions in response to the requirements of the State as described in the RFP.

1. Introduction

- 1-1. *1.1, Purpose:* We believe that a multi-source award would be in the best interest of the State of California. It would increase competition for services, reduce prices for those services, and give State agencies options about who they do business with. Would DGS reconsider its position to make this a single-source award?

Answer: Please see "General Response" above.

- 1-2. *1.1, Purpose:* It appears that DGS/TD is summarily dismissing the recommendations of the State Strategic Plan, the State CIO's recommendations and the recommendations of respected consulting companies such as Gartner, Yankee Group, and others. Is our understanding correct?

Answer: No

- 1-3. *1.1, Purpose:* Is it DGS/TD's intent to offer the State agencies a cost effective contract vehicle that meets their business requirements? How does the RFP comply with the CPR recommendations for converged technology and cost reduction when it specifies TDM technology?

Answer: Yes to the first question. In addition, the CPR recommendations are just that – legislation is required for many of the recommendations. We will implement CPR recommendations when the appropriate law and policy requires it. It is impossible to predict which recommendations will be adopted at this time. See the response to question #3 in the Q&A set released on 11/16/04.

- 1-4. *1.1, Purpose:* Purpose “reflects the complexity of the government itself and the diverse missions of its agencies” Question: How can DGS expect to meet needs of the state as indicated by this passage through the selection of only one vendor? Where is the incentive for improvement?

Answer: Non-Exclusivity of the contract, the ability to off-ramp services due to cost and other factors, and periodic review of costs will help maintain competition. See the response to Q #1-38, Q #1-7, and Q #1-36

- 1-5. *1.1, Purpose:* Will DGS/TD modify the RFP to commit to having two or more vendors throughout the life of the awarded contracts?

Answer: The State does not plan to modify the RFP for this purpose.

- 1-6. *1.1, Purpose:* The CALNET-I RFP required that the winning vendor continuously improve technology, but 7 years later, the services offered are essentially the same. Should the incumbent provider win this one too, what measures will the state put into place to insure this doesn't happen again?

Answer: This RFP is not the same for many reasons. See the response to question #3 in the Q&A set released on 11/16/04. See responses to Q #1-7 and Q #1-11.

- 1-7. *1.1, Purpose:* It will be extremely difficult to compete for CALNET II when considering all of the “at no charge to the state” mandatory requirements. The incumbents are definitely favored since they already have the systems in place from CALNET I and therefore related costs are not applicable. How does DGS/TD plan to make this an equitable playing field for all participants?

Answer: Vendors are not precluded from bidding a variety of network or services solutions as long as they meet the State's minimum requirements. However customers must be able to continue using the systems and services that they currently use and rely on to mitigate transition

disruption and potential additional costs, especially if those systems and services are meeting business needs.

State procurements do not assume that all bidders will be able to equally meet the needs of the State, but that in this case, one prime bidder will demonstrate its advantage by offering the best technical solution for the lowest cost as defined in RFP Section 9. All bidders will have an equal opportunity to propose their solutions in response to the State's requirements as defined in the RFP. They are not based on any single vendor's ability to meet those requirements. The State assumes that a number of vendors will be able to competitively bid in a procurement process that treats all bidders equally and fairly. The State has not assumed any vendor specific outcome of the CALNET II procurement, and welcomes participation by all potential vendors. See the response to question #3 in the Q&A set released on 11/16/04.

- 1-8. *1.2.1 General Authority:* During the last 7 years of CALNET I, did DGS/TD develop a plan for an "effective framework" for communications services or just requirements for telecommunications acquisition?

Answer: The State has been doing everything possible to create an effective framework for telecommunications services through the CALNET I contract and now, through this RFP.

- 1-9. *1.2.1 General Authority:* Other than reference to MM 04-08, the proposed framework does not explicitly state the process on how non-exempt agencies can expeditiously acquire services outside the proposed sole-source contract. Will there be a stream-lined exemption process that agencies may use?

Answer: This RFP is a competitive bid, not a sole source. The exemption process as outlined in MM 04-08 is streamlined and may be expedited when agencies provide all the required information in writing in a timely manner and as appropriate. See the responses in Q #1-54, #1-65, and #1-71.

- 1-10. *1.2.1 General Authority:* MM-04-08 is a key component of the foundation on which the CALNET II RFP is built, yet MM-04-08 still reflects the parameters defined for CALNET I, a legacy voice and data infrastructure with the ability to cross LATA boundaries. Will a new or modified version of MM-04-08 be issued prior to December 9th, 28th, or January 11th that supports/integrates the State Strategic Plan, the direction of the CPR and the Data Center Consolidation?

Answer: MM 04-08 supports the State Strategic Plan which supports the Data Center Consolidation. The State will issue new management memoranda as needed in response to the outcome of the RFP. At this time, the State does not anticipate issuing a revision to MM 04-08 prior to the outcome of the CALNET II procurement. See the response to Q #1-3.

- 1-11. *1.2.1 General Authority:* Management Memo (MM-04-08) defines a Vision and Strategy that CALNET I is not capable of meeting, yet CALNET II is a

mirror reflection of current CALNET I contract. Will DGS expand the services listed in MM-04-08 to meet this Vision and Strategy direction? If not, how will adding new services to CALNET II be any different than adding services to CALNET I, which is limited from adding services that are not listed in MM-04-08.

Answer: CALNET II is not a “mirror reflection” of the CALNET I contract. If needed, the State will issue a new Management Memorandum at the conclusion of this procurement. The contents of the memo will be dependent upon the outcome of the procurement, State statute, and other applicable procurement laws, policies and requirements in effect at the time. See the responses to Q #1-7 and Q #1-10.

- 1-12. *1.2.1 General Authority:* How does CALNET II address items 1, 3 and 4 of the California IT Strategic Plan without addressing IP?

Answer: See our response to question #3 in the Q&A set released on 11/16/04.

- 1-13. *1.2.2 Current Environment:* Why is DGS/TD spending more than originally forecast in the first Calnet? When the current CIIN CALNET contract was awarded to SBC/PacBell, the contract called for delivery of services to mandated agencies at a price of \$90+ million per year. However, the RFP states that DGS/TD is paying approximately \$120 million per year for its services to mandated agencies and a total of \$300 million for all users. Why did the contract expand beyond the original estimates when the costs of telecommunications services were dropping throughout the industry?

Answer: CALNET I grew significantly because of unanticipated voluntary participation by state and local government agencies that were not mandated to use it, and whose participation was not originally factored in.

- 1-14. *1.2.2 Current Environment:* The RFP says that the State cannot guarantee “the same volume of business for the CALNET II Contract” but you do mention that “state agencies under the Executive Branch are required to purchase services from the Contract.” To clarify, will all non-exempt agencies under the Executive Branch be *mandated* to use the CALNET II Contract, without exception?

Answer: All non-exempt state agencies under the Executive Branch are required to use CALNET II for mandatory services unless granted an exemption. However, the State reserves the right to change its policies at any time, including those policies that affect mandated or non-mandated usage of CALNET services.

- 1-15. *1.2.2 Current Environment:* What is the CentraNet service?

Answer: CentraNet is a central office exchange service offered by Verizon.

- 1-16. *1.2.2 Current Environment:* What is the nature of the Centrex service in terms of extension dialing within an agency? Across all agencies (across all the State of California itself, local governments, and education)? How many digits are dialed?
- Answer: Various abbreviated dialing options are available as it relates to intra-agency calling. Generally service is available between the same agency, statewide. Various dialing options are available, that include but are not limited to 2, 4, 5, and 7 digits.**
- 1-17. *1.2.2 Current Environment:* How is an "outside" line accessed?
- Answer: The assumption is that this question applies to central office exchange services. Various options are available. The options selected are dependent on customer business requirements. Generally, 9+ or 1+ are utilized to access local or long distance service respectively, outside the serving exchange.**
- 1-18. *1.2.2 Current Environment:* How is the core backbone accessed?
- Answer: The assumption is that this question applies to central office exchange services. See the response to Q #1-17.**
- 1-19. *1.2.2 Current Environment:* Is the bid respondent required to use local number portability (LNP) in order to facilitate migration from the current CALNET service?
- Answer: Yes.**
- 1-20. *1.2.2 Current Environment:* Does the quantity of circuits and volumes of business provided in the RFP factor in any Authorization to Order (ATO) contracts that customers have with the current vendor with expiration dates beyond December 3, 2005?
- Answer: Yes. Those customers will have the option to stay with the current contractor, migrate to CALNET II, or leave CALNET altogether.**
- 1-21. *1.2.3 Selecting the CALNET II Approach:* Who was the Independent consultant obtained by DGS in developing this RFP?
- Answer: Hesse, Stobbe & O'Sullivan (a.k.a. Mission Consulting) of Sacramento, California.**
- 1-22. *1.2.3 Selecting the CALNET II Approach:* Which existing vendors and customers provided feedback to DGS as it pertains to the creation of this RFP?
- Answer: Vendors were afforded the opportunity to provide feedback through the CALNET RFI process. No vendors provided information directly for the creation of the RFP outside of that process. A variety of State and local government customers provided information in regard to their specific needs through the RFI process and through the Customer Advisory Group (CAG). CAG participants are noted in Section 1.2.3 of the RFP.**

- 1-23. *1.2.3 Selecting the CALNET II Approach:* Why did DGS/TD decide not to have interactive feedback with the service provider community or public hearings about the new MSA framework for CALNET-II?
- Answer: This procurement reflects the requirements of California government. Please see “General Response” above.**
- 1-24. *1.2.3 Selecting the CALNET II Approach:* Potential service providers were not given the opportunity to discuss approaches to the new environment with DGS. Although written RFI responses were sent to DGS, they chose to read industry articles (3rd party “reporters”) instead of meeting with service providers directly to have interactive feedback about potential solutions, newer technology, and innovations.
- Answer: Please see “General Response” above.**
- 1-25. *1.2.3 Selecting the CALNET II Approach:* How does the California IT Strategic plan at the link provided http://www.cio.ca.gov/ITCouncil/Committees/PDFs/ITStrategicPlan_102504.pdf support the CALNET-II sole-source contract framework?
- Answer: This RFP is a competitive bid, not a sole source. Please see “General Response” above and the response to Q #1-10.**
- 1-26. *1.2.3 Selecting the CALNET II Approach:* Did the individuals who participated in the IT Strategic Plan participate in the development of the CALNET-II framework?
- Answer: A wide range of people were consulted as appropriate.**
- 1-27. *1.2.3 Selecting the CALNET II Approach:* The stated support of the RFP framework by specific agencies is in conflict with certain agencies input to California Performance Review of CPR SO14. Please explain how CALNET-II relates to IT Strategic Plan and to CPR SO14.
- Answer: See the responses to Q #1-3 and Q #1-10.**
- 1-28. *1.2.3 Selecting the CALNET II Approach:* Why was the Federal GSA “Networx” approach to a multi-service, multi-vendor, flexible, continually competitive environment not considered as a similar framework for California?
- Answer: Please see “General Response” above.**
- 1-29. *1.2.3 Selecting the CALNET II Approach:* It appears that the Request for Proposal (RFP) is a detailed engineered specification, not a Functional Requirements document. Is this DGS/TD's intention?
- Answer: Please see “General Response” above.**
- 1-30. *1.2.3 Selecting the CALNET II Approach:* Is it DGS/TD's intention that the RFP, as written, is actually a Request For Quotation (RFQ) as opposed to being a Request for Proposals? If the DGS/TD answer to this question is no, please explain.

Answer: Please see “General Response” above.

- 1-31. *1.2.3 Selecting the CALNET II Approach:* Why did the State develop a detailed specification for a quote to deliver services as opposed to issuing a functional RFP which would outline its requirements?

Answer: Please see “General Response” above.

- 1-32. *1.2.3 Selecting the CALNET II Approach:* What is the experience of the various people who have created and will evaluate this RFP? Specifically, how much experience do these individuals have with installation, operations, administration and maintenance of large and complex IT networks and Converged Enterprise Networks, namely, large networks using IP VPN?

Answer: Please see “General Response” above.

- 1-33. *1.2.3 Selecting the CALNET II Approach:* Is it DGS/TD's intent to sole-source a 5-year, plus two 1-year options, contract to SBC/PacBell? If the answer is no, please explain the multiple proclivities toward SBC/PacBell via the RFP language.

Answer: Please see “General Response” above.

- 1-34. *1.2.3 Selecting the CALNET II Approach:* Will the information gathered during the analysis phase be made available (such as an addendum) or through a public information act request? It would be very helpful to know what the user requirements for this RFP.

Answer: The DGS will issue addenda as appropriate throughout the procurement process. This analysis phase of the RFP development process is internal to the State, confidential in nature, and therefore, not subject to the Public Records Act.

- 1-35. *1.2.3 Selecting the CALNET II Approach:* Could you elaborate on what the individual customer needs were and what was the driving force behind this accelerated effort on such an important and complex contract which appears to be a replication of the existing contract functionality with several potential pilot projects?

Answer: Please see “General Response” above.

- 1-36. *1.2.4 The General CALNET II Approach:* How does the current RFP allow true competition? Does this RFP permit the industry to use any creativity in responding to the RFP?

Answer: The prime contractor can bring on a number of different sub-contractors to provide a variety of services. The State expects creative responses within the framework of this RFP. Vendors are not precluded from bidding a variety of network or services solutions. See the responses to question #3 in the Q&A set released on 11/16/04 and to Q #1-38.

- 1-37. *1.2.4 The General CALNET II Approach:* Since the State of California, combined with its mandated and non-mandated agencies, counties, cities and

towns, plus its tax supported groups and boards, is one the largest customers in California, why does the RFP fail to solicit multiple contracts?

Answer: Please see “General Response” above.

- 1-38. *1.2.4 The General CALNET II Approach:* In the 1st paragraph the State notes that the CalNet II contract is planned for award to a single primary contractor. In the 2nd paragraph the State states that the new contract is planned to be non-exclusive with no minimum guarantees. Can the State clarify its position on this? Is it the State’s intent to allow open bidding for all subsequent telecom RFPs issued by State/local agencies?

Answer: Non-exclusivity will allow non-exempt CALNET II customers to request an exemption to go elsewhere to obtain mandatory services if their business needs are not being met by the contract. The awarded contractor will have the opportunity to adjust pricing and services to meet their business needs before an exemption would be approved. Therefore, non-exclusivity is intended to place continual market pressure upon the awarded contractor to provide the best services at the lowest prices in order to maintain the State’s business through the contract.

State agencies must competitively bid for services outside of the contract unless they obtain services from another valid contract vehicle, or unless they obtain approval for a non-competitive bid in accordance with existing State statute, policy and procedure. Local government will follow their own procurement practices.

- 1-39. *1.2.4 The General CALNET II Approach:* Agencies throughout California are unhappy with the current contract, which is based on reselling services. Why is the State repeating the same mistakes of the past contract by not having smaller, more manageable contracts that would deliver facilities based services?

Answer: Please see “General Response” above.

- 1-40. *1.2.4 The General CALNET II Approach:* The CALENT II contract is planned to be awarded to a primary contractor that is expected to utilize subcontractors to provide required services to all locations. During the five year term of the contract, let’s say one of the primary contractor’s subcontractor partners becomes the industry leader in a new technology or enhanced service and numerous agencies want to deploy that technology to better serve the citizens of California. If the primary contractor refuses to allow deployment of new technologies or enhanced services because they have the right to under this contract, how will DGS TD address this situation? How would they suggest the subcontractor address this situation?

Answer: Only the DGS has the right to allow enhanced services on the awarded contract. New technology that is not included on the contract may be acquired following State IT acquisition policies and procedures. See the response to Q #1-59.

- 1-41. *1.2.4 The General CALNET II Approach:* If the winning bidder is allowed to fill a customer's need(s) such as provide lower pricing and/or provide the needed/required services, to what extent will other contractual opportunities outside of CALNET II be available to add new technologies?

Answer: State agencies can issue RFPs to acquire new services and technologies that are not included on the contract at any given time following State statute, guidelines and policy. This may include competitively bidding for services, obtaining services through another existing contract vehicle, or following State statute and policies for a non-competitive bid. See the responses to Q #1-60 and Q #1-38.

- 1-42. *1.2.4 The General CALNET II Approach:* Can you give us an example so the vendor community can better understand how DGS will treat emerging technologies?

The DGS will comply with State acquisition policies in force at the time. Under current provisions only services that were competitively bid may be added to a contract. The DGS will determine whether the service is a feature/enhancement to an existing service or is categorized as a new service that requires a competitive bid.

- 1-43. *1.2.4 The General CALNET II Approach:* If there are no term commitments, is the "5 yr term" with DGS, with no specific term commitments by the individual agencies? Which products/services will or will not have term commitments?

Answer: The contract will be a five-year agreement between the State and Contractor. Agencies under the Executive Branch (non-exempt) are mandated to use the contract. For mandated services, non-exempt users would first have to have an exemption approved by DGS before obtaining alternative services from another provider. Term commitments for specific contract services may be determined on an individual case basis subject to approval by the DGS.

- 1-44. *1.2.4 The General CALNET II Approach:* Would the State benefit from a two contract model that uses TDM and IP Convergence technology? Would it be in the State's best interest to have two contracts and two technologies competing for service delivery, functions and price throughout the contract?

Answer: Please see "General Response" above.

- 1-45. *1.2.4 The General CALNET II Approach:* As far as market pressure on "the successful contractor", please explain this reasoning. Unless there is an effective, expedited exemption process, there would be little incentive for other potential contractors to develop creative, efficient, low cost network solutions if the incumbent always has the ability to copy a solution and pricing or be in control of a potential subcontractor. Likewise, if the incumbent is always given the opportunity to review exceptions and provide substitute solutions to meet business needs, there will be little incentive, competition, or market forces driving the State's network infrastructure. If there is no

expeditious exemption process, the State will have one incumbent provider and any viable competitors will significantly reduce attention on the State of California.

Answer: See the responses to Q #1-9, Q #1-38, Q #1-54, Q #1-65, and Q #1-71.

- 1-46. *1.2.4 The General CALNET II Approach:* What additional specific procurement opportunities are being anticipated by DGS/TD as related to CALNET II?

Answer: See the response to Q #1-38 and Q #1-41.

- 1-47. *1.2.4 The General CALNET II Approach:* The mandatory requirements identified in the RFP appear to be an extension of the current SBC CIIN contract. Was it DGS/TD's intention to write an RFP favoring the incumbent service provider for CIIN CALNET, namely, SBC/PacBell? Does this mean that the RFP was designed to maintain at least some significant elements of the current vendor's system?

Answer: Please see "General Response" above.

- 1-48. *1.2.4 The General CALNET II Approach:* Is DGS/TD interested in industry-standard, network-based technology that will reduce State costs?

Answer: Yes

- 1-49. *1.2.4 The General CALNET II Approach:* Will DGS/TD modify the current RFP to allow alternative services, such as IP/VPN?

Answer: See the response to question #3 in the Q&A set released on 11/16/04.

- 1-50. *1.2.4 The General CALNET II Approach:* Will DGS/TD modify the current RFP to allow a competing IP-based service contract that would include all of the SLA's, administration fees and service delivery capabilities that the current TDM RFP outlines?

Answer: See the "General Response" above and the response to question #3 in the Q&A set released on 11/16/04.

- 1-51. *1.2.4 The General CALNET II Approach:* The current CIIN network uses TDM PSTN which has many potential single points of failure. A properly engineered IP network may be built to provide 100% redundancy. Are there any federal Department of Homeland Security requirements and guidelines that should be part of the CALNET II network? Is DGS/TD going to enhance the RFP to request redundancy of the TDM PSTN, which we believe would be very expensive?

Answer: Please see "General Response" above.

- 1-52. *1.2.4 The General CALNET II Approach:* Reference Section 1.2.4 The CALNET II Approach. The CALNET II contract is planned for award to a single primary contractor. As a potential primary contractor, we are not

legally allowed to partner or subcontract with the major incumbent local carriers, in order to offer intercalate line side services and private line services state-wide. This legal limitation is due to potential market controlling factors and collusion concerns brought about by ILEC-controlled partnerships. As a result, would the State consider making it a requirement that all state ILEC's offer intercalate line side services and private line services to other potential prime contractors, on an equal cost and contractual basis, for the CALNET II RFP award?

Answer: The State does not have knowledge and will not speculate on any vendor's limitations or restrictions regarding their ability or inability to partner with other vendors within the State of California. The DGS cannot direct the activities of ILECs.

- 1-53. *1.2.4 The General CALNET II Approach:* As a general observation, and question, the existing services, listed in Section 3, are almost identical to the services requested in the RFP. The RFP states clearly that DGS/TD will not pay any transition costs whatsoever and also makes it clear that DGS/TD doesn't intend to change technology except on a gradual and trial basis. This gives the incumbent an advantage that is almost impossible to overcome. For anyone other than SBC/PacBell to compete on this contract, the potential competitor must cut costs significantly. The only way a competitor could potentially do that is to try to provide the service more efficiently using, for example, Soft switches and VoIP. The problem is that the State makes it clear that they believe VoIP is risky. This makes it difficult for a competing vendor to provide an attractive proposal. What part or parts of this observation are incorrect or inaccurate?

Answer: Please see the "General Response" above and the response to Q #1-7.

- 1-54. *1.2.4 The General CALNET II Approach:* How long does the winning contractor have to provide requested customer business needs (pricing/services) before alternatives will be chosen?

Answer: There is no simple answer – each situation will be dealt with on a case by case basis, with the final decision being made by DGS based on the responsiveness of the contractor to customer requirements (including timeliness, costs, and appropriateness of response. The timeframes will be reasonably determined by the DGS dependent upon the complexity of the request/solution. See the response to Q #1-65.

- 1-55. *1.2.4 The General CALNET II Approach:* What is the expectation of the state with regard to overall pricing reduction, and over what period of time is the pricing reduction to occur?

Answer: Based on the sheer volume, the State expects Most Favored Nation pricing throughout the term of the contract.

- 1-56. *1.2.4 The General CALNET II Approach:* DGS has carefully documented the history of the development of RFP 2053. However, why is a single contractor

specified, instead of multiple awards or joint bids, as in CalNet I? The lack of multiple awards does not appear to allow for a truly competitive bid process from the State's perspective.

Answer: Please see "General Response" above.

- 1-57. *1.2.4 The General CALNET II Approach:* Please explain the seemingly inconsistent requirements in section 1.2.4 for "award to a single primary contractor" but a "new Contract" that "is planned to be non-exclusive." Only the incumbent has the local access reach that is required for this RFP. The requirements for no transition costs as well as no CPE replacement costs also favor the incumbent.

Answer: Please see "General Response" above, and the responses to Q #1-7 and Q #1-38.

- 1-58. *1.2.4 The General CALNET II Approach:* The RFP states "the winning contractor will be given the opportunity within the contract terms, to meet customer business needs (e.g. provide lower pricing and/or provide the needed services) before other alternatives are selected". Please describe the process for this?

Answer: See the response to Q #1-54.

- 1-59. *1.2.4 The General CALNET II Approach:* Will alternate vendors be held to the same terms and conditions as the prime contractor for CALNET II?

Answer: There is no provision for "alternate vendors". If by alternate vendors you mean sub-contractors to the prime, then yes, sub-contractors must perform under the same terms and conditions. The prime contractor will be held accountable to make sure that occurs. If you mean alternate vendors outside of CALNET II, those contracts will have their own terms and conditions as appropriate.

- 1-60. *1.2.4 The General CALNET II Approach:* "Other contractual opportunities outside of CALNET II may be made available that would include adding new technologies, equipment or other services not already competitively bid through CALNET II." Who will manage these other contracts and will they be in competition with new or existing services on CALNET II?

Answer: It depends on the needs of the State at the time, and the procurement and management policies in effect. Per the State Administrative Manual Chapter 4500, the DGS has overall management responsibility for the State's telecommunications services. The State may decide to issue RFPs and manage contracts for statewide services, or individual agencies may issue RFPs and manage contracts for their specific business needs.

Some circumstances for which additional RFPs may be issued include: services not on CALNET II, services that have been off-ramped from CALNET II, services that may be on CALNET II but for which an exempt agency prefers to go to bid, or services for which an exemption

has been approved for a non-exempt agency. Some of these services may be on the CALNET II contract. See the response to Q #1-41.

- 1-61. *1.2.4 The General CALNET II Approach:* Could you please describe how RFP offers creative solutions to maintain competition that will keep prices low and quality high? What model or analysis was used to define this requirement for a single primary contractor and is it available?

Answer: Please see “General Response” above and the responses to Q #1-4 and Q #1-38.

- 1-62. *1.2.4 The General CALNET II Approach:* Could DGS describe how the new contract will be “non-exclusive”, if the MM-04-08 definition will be used?

Answer: MM 04-08 does not preclude a non-exclusive approach in the CALNET contract. Please see “General Response” above, and the responses to Q #1-11 and Q #1-38.

- 1-63. *1.2.4 The General CALNET II Approach:* Could you please provide a detailed list what services are/or will be subject to “term commitments”.

Answer: See the response to Q #1-43.

- 1-64. *1.2.4 The General CALNET II Approach:* Could DGS provide the model used for this analysis and explain how this model provides “continual market pressure” for both “best services” and “lowest cost”? What criteria will be used (Management Memo – MM-04-08?) to determine if the pricing is the “lowest cost” and the technologies offered are “best services”. What specific parameters are to be used to determine that an alternative contract is the appropriate solution and if so, what bid process would be used to obtain an alternative contract?

Answer: See the responses to Q #1-54, Q #1-60, Q #1-61 and Q #1-62.

- 1-65. *1.2.4 The General CALNET II Approach:* What strategy and/or procurement process has DGS developed to ensure that services procured outside of CALNET II are integrated (including contractor coordination, risk mitigation, logistics planning, management, support, etc.) with the services that have been procured via the CALNET II contract vehicle?

Answer: The exemption process outlined in MM 04-08 allows DGS to take all those things into consideration for non-exempt customers (Executive Branch). Exempt State agencies and local government customers are not required to use or integrate with CALNET II unless they choose to do so. See the response to Q #1-54.

- 1-66. *1.2.4 The General CALNET II Approach:* What process will DGS use to ensure that services or technology solutions entering the CALNET II environment through contracts awarded to “outside bidders” will not undermine CALNET II, or be inconsistent with, or disruptive to, the State’s overall technology evolution? How closely will DGS monitor every Agency’s outside-of CALNET II procurements?

Answer: See the response to Q #1-65.

- 1-67. *1.2.4 The General CALNET II Approach:* In this environment of “continual market pressure,” what will DGS do to ensure that the awarded CALNET II contractor is actually not disadvantaged in its effort to sustain existing business or develop new business?

Answer: While it is not the intent of DGS to disadvantage the awarded contractor, the DGS is responsible for the telecommunications requirements of the State, not the business needs of the awarded CALNET II contractor.

- 1-68. *1.2.4 The General CALNET II Approach:* Does this statement mean that vendors should wait to bid new technologies and services such as Enterprise network components, Internet, wireless, MPLS, etc, in separate procurement opportunities? In either scenario, can DGS describe how these alternate procurements will be integrated into the CALNET II model, the State’s Strategic Plan, Data Center Consolidation and how it meets the requirements stipulated in Management Memo (MM-04-08).

Answer: Bidders should offer their best and complete solution in response to the business and technical requirements of the RFP. The degree of integration of new or alternative technology will be dependent in part on the solutions proposed. See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-9, Q #1-10 and Q #1-11.

- 1-69. *1.2.4 The General CALNET II Approach:* Does the “total volumes of the Contract” provided in the RFP factor in any Authorization to Order (ATO) contracts that customers have with the current vendor with expiration dates beyond December 3, 2005?

Answer: See the response to Q #1-20.

- 1-70. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Ironically, the FCC came out with a detailed review of VoIP on November 8th, 2004, the same day this bid was released. Does the FCC decision on IP based services clarify the “many regulatory issues” surrounding VoIP that were concerns for the State while the RFP was being developed? Now that the FCC has taken a regulatory position on VoIP, is the time right now in your expert opinion to reconsider this product as a viable option? Has DGS/TD reviewed the FCC’s detailed review.

Answer:

The DGS has reviewed the FCC’s decision. The FCC decision does not sufficiently mitigate the State’s concerns. Therefore, at this time, the State does not anticipate redefining its strategy or requirements based on that decision.

- 1-71. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Would a non-exempt agency that would like to procure IP/MPLS-enabled data

services need to go through the MM04-08 exemption process? Will there be a well-defined, efficient process for agencies to make exemption requests? Such as a simple one-page request that can be approved or denied in less than 30 days?

Answer: If an IP/MPLS network is bid and awarded, an exemption process would not be necessary. In addition, the speed with which an exemption request is decided is dependent on many factors including the timeliness and comprehensiveness of the request by the agency that desires it, as well as the timeliness, costs, and appropriateness of the response the CALNET II contractor provides for why they can or cannot meet the agency's needs. See the response to Q #1-9 and Q #1-54.

- 1-72. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* If DGS/TD's position is that the Centrex environment works fine and will be difficult to migrate, why not bid convergence services separately so that the incumbent can continue providing Centrex and companies with more expertise in InterLATA WAN services can offer those now?

Answer: Please see "General Response" above.

- 1-73. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Is DGS/TD interested in having the vendor(s) continue to upgrade and deploy new technology throughout the life of the contract? How will DGS/TD manage technology evolution without opening up the requirements for a truly competitive bid?

Answer: See the response to Q #1-42.

- 1-74. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* The State is concerned about VoIP and MPLS services. The main component to enable VoIP, Virtual Private Networks (VPNs), unified messaging, network-based integration of data & voice self service call center applications, interagency communications, extranets, automation and better service to California citizens is an IP-enabled network infrastructure. There is virtually no mention of IP-enabled services in the mandatory or mandatory optional requirements of Section 6.

Answer: See the response to question #3 in the Q&A set released on 11/16/04.

- 1-75. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* How does this procurement position allow the State to take advantage of competitive, IP-enabled services and migrate away from legacy communications services?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the response to Q #1-71.

- 1-76. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* The RFI for CALNET II was focused, to a large degree, on converged IP networking. The CALNET II RFP, DGS-2053 appears to be in direct contrast

to the RFI, in that, it appears to be primarily focused on traditional TDM technology. Given all the known benefits of converged IP networking, including the benefits associated with substantial cost savings to the customer, increased reliability and improved management, why is there such a shift in the State's previous direction toward converged IP networking? and why would the State not consider a solution that included converged IP networking?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-77. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* It appears that the RFP fails to allow the State to explore and evaluate the many benefits offered by converged technologies, when the RFI earlier this year appeared to promote converged technologies. Is this accurate?

Answer: No.

- 1-78. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Does DGS/TD [?] that substantial benefits and cost savings (estimated at more than 30%) can result by utilizing converged technology?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-79. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* If DGS/TD is interested in a converged service delivery model, why wouldn't there be two options and two contracts awarded within this RFP, namely, traditional services (TDM) and converged services (IP/VPN, MPLS, IP Centrex)?

Answer: Please see "General Response" above.

- 1-80. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Would it not be a better approach to simultaneously release a separate procurement (i.e., RFP) that specifies Converged IP Services? In this manner, the State can ensure fair competition, provide service options to current agencies, and not simply sole-source converged services to the successful CALNET II bidder?

Answer: Please see "General Response" above.

- 1-81. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Is DGS/TD's opposition to converged networks based only on VoIP? Is the State aware that all the major carriers are investing billions of dollars in IP-based convergence technology? Why does the State not want to take advantage of the improved efficiencies offered by this massive investment?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-82. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* The State CIO discusses the benefits of IP converged telecommunications and

the need for the State to use these types of services in order to help reduce costs. How does the current RFP comply with the State's CIO recommendations for converged networks?

Answer: Please see "General Response" above.

- 1-83. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* How does the current RFP comply with the State Strategic plan which outlines the need for IP convergence? In that report, the plan gives examples of agencies receiving an estimated 45% cost savings as compared to TDM technology, the technology specified in the current RFP. Why is DGS/TD not supporting the state Strategic Plan?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-84. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* In re Section 1.2.5 Movement Toward Converged Technologies: Will DGS/TD provide the data that would substantiate and support the apparent decision not to move forward with a converged network? Why does DGS/TD write that convergence is too risky and impractical and could have significant fiscal and operational impact?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-85. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* A converged network requires less hardware and software. This simplifies network operation and gives higher reliability. Is DGS/TD looking for better technology?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-86. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Is it DGS/TD's intent to award a TDM contract for CALNET II which has the ability to migrate to DGS/TD's Emerging Technologies, such as IP/VPN, without competitive bidding for the new technology requirement?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-87. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Why are the cost benefits of converged networks not contained in the RFP? Is DGS/TD aware of the large and small enterprises that have deployed converged networks to achieve the following benefits:

- IP convergence for voice, data and video *lowers costs* for access, management and maintenance.
- End-to-end IP *simplifies the network* and allows customers to choose network infrastructure based on applications, not vendors.

- IP convergence supports *productivity-enhancing applications* such as multimedia to desktop and unified messaging.
- IP supports *cost-effective*, all distance connections.
- IP centralizes and *simplifies* security management.
- The ability to access IP through existing access services optimizes *price/performance* for each enterprise location.

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-88. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* When the RFP refers to Voice over Internet Protocol (VoIP), does it mean voice over the public Internet? The issues with VoIP mentioned in the RFP are very relevant for voice over the public Internet, but not relevant for IP based voice and video carried over a controlled enterprise environment such as the State's network and as provided under CALNET. Please clarify.

Answer: No, the DGS is not referring to VoIP over the public internet. Refer to RFP Section 6.8.1.

- 1-89. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Given that the State would realize the greatest benefit (cost savings, potential for a seamless statewide communications system which does not exist today, and more) by moving to a consolidated, statewide architecture which provides data, voice and video services as provided by the bid respondent, and given that virtually all public and private sector enterprises have already completed this effort, or are in the process of doing so or have a plan to do so, please explain the specific rationale for not requiring this phased migration at the outset of the CALNET II contract?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-90. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Converged technologies are discounted as a primary basis for responses to RFP 2053. This provides a significant advantage to the incumbent LEC provider of CalNet I services. Section 4.4 also highlights the State's intentions to determine if future bids based on emerging technologies will be awarded on an individual case basis, including the winning contractor's right of first refusal to match the pricing provided in future awards. Given the requirements for traditional telecommunications access and services, please detail the DGS's thoughts on telecomm service delivery options other than the use of local access provided by the incumbent LEC.

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-91. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Will new technologies be added to the CALNET II contract or will separate competing bids and contracts be developed?

Answer: See the response to Q #1-42.

- 1-92. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* You also mention how these converged technology services should ultimately be provided within the California government, but that there are risks associated with implementing these services and that they could have significant fiscal or operational impact on government agencies. Has consideration been given to how not deploying these technologies may have an impact on businesses and citizens in California, and the fact that they might go elsewhere if CALNET II makes doing business in California more difficult and costly than doing business in other states that don't have antiquated networks and systems? If DGS/TD considers VoIP and MPLS not ready for mainstream state usage, why are they included as desirable options in this RFP? If there are separate future procurements, shouldn't those be bid separately? Are they included in the RFP so that DGS/TD can conveniently roll these over to the incumbent when the incumbent is ready to provide these services?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-93. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* Bullet #2, as part of the State Vision, contradicts Section 1, subsection 1.2.5 on page 5. STATE VISION: *For a consolidated, flexible, responsive, secure, survivable, efficient and cost-effective telecommunications infrastructure that provides seamless end-end interoperability for voice, data, and video services, whether separately or as part of a converged service.* Section 1, subsection 1.2.5, page 5-DGS considers movement to Converged Network Services to be too risky at this time. Please clarify the State's Vision statement.

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-94. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* It appears as though the Solution has already been determined by DGS. Is the analysis of these decisions available for vendors so we can better understand how DGS reached this conclusion, what, if any, the shortcomings were and what parameters/requirements need to be met.

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-95. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* This statement takes the position that convergence is an "all or nothing" option. Was the analysis of convergence limited to the position of "wholesale convergence" or were more industry standard and supportable transitions from legacy Frame/ATM and Voice/Video technologies evaluated?

Answer: See the response to question #3 in the Q&A set released on 11/16/04, and the responses to Q #1-71 and Q #1-77.

- 1-96. *1.2.5, Movement Toward Converged Technologies and Other Considerations:*
Please explain what risks the state believes they will assume verses the vendor?
- Answer: The purpose of this RFP is to outsource to a contractor who will assume the risks associated with providing services under this contract.**
- 1-97. *1.2.5, Movement Toward Converged Technologies and Other Considerations:*
What specific risks are anticipated for customers?
- Answer: See the response to Q #1-96.**
- 1-98. *1.2.5, Movement Toward Converged Technologies and Other Considerations:*
Is the concern for potential service interruptions based on technical or regulatory issues?
- Answer: The concern for potential service interruptions is based upon technical issues.**
- 1-99. *1.2.5, Movement Toward Converged Technologies and Other Considerations:*
Was the scenario of “immediate implementation of converged services” the basis for this conclusion or was a more industry standard transition evaluated?
- Answer: Please see “General Response” above**
- 1-100. *1.2.5, Movement Toward Converged Technologies and Other Considerations:*
Could DGS specifically list technologies incorporated into the state’s use of the term “converged services”?
- Answer: Please see the State’s discussion of converged technologies in RFP Section 6.8.**
- 1-101. *1.2.5, Movement Toward Converged Technologies and Other Considerations:*
Has DGS already requested and gathered pricing on “converged services” that has led it to believe the costs associated with it will be “significant” or be “unable to be clearly quantified”?
- Answer: The potential costs to the State encompass more than just the price to provide equipment or services. The fiscal, transitional, and operational impact to the State and its customers must also be considered.**
- 1-102. *1.2.5, Movement Toward Converged Technologies and Other Considerations:*
Please describe the analysis used to determine that converged services imposes “needless risk to operations or expenditure of unnecessary funds”.
- Answer: Please see response to Q #1-101.**
- 1-103. *1.2.5, Movement Toward Converged Technologies and Other Considerations:*
If we understand the RFP, conversion costs are a vendor responsibility and Service Level Agreements will bind vendors to an acceptable performance level, how are “converged services” any different than any other service?
- Answer: Converged services are not any different than any other service with respect to data SLAs.**

- 1-104. *1.2.5, Movement Toward Converged Technologies and Other Considerations:* We are unclear of the terms used and context in which they are used. VoIP only requires an IP infrastructure, not a converged network. VoIP could run on a converged network, in order to reduce costs and increase efficiencies, but the option to run Data or Video over the same network as VoIP is a choice, not a requirement. Again, DGS has used strong terms such as “imposing a global statewide requirement upon transition” when no proposals have been submitted. What analysis was completed by DGS that has led to these determinations that effectively prohibit an MPLS network from being proposed as a replacement for the current Frame/ATM network? Does awarding 1% of the total evaluation criteria (500 out of 50,000 points) reflect the value the state places on alternative technologies?

Answer: An MPLS network is not prohibited. See General Response above, Question #3 from the question set released on 11/16/04, and the response to Q #1-76 above.

- 1-105. *1.3, Project Scope:* Is the bidder's conference the cutoff date for questions. If so, how will additional questions be handled?

Answer: Vendor's may ask questions throughout the procurement process. The date referenced in 1.5 is intended to facilitate State responses prior to the bidder's conference.

- 1-106. *1.3, Project Scope:* is there any consideration to modifying the RFP so that “services” are listed as requirements instead of as the “technologies” required to provide those “services”? For example, a “service” might require Frame or ATM compatibility and a bandwidth of “x” to “y” with a service level of “b” and the ability or option to transition to IP, rather than explicit listing of a legacy circuit. This would provide the state with alternate proposed solutions which it could evaluate what best meets its customers needs and award on actual verses conceptual solutions and prices.

Answer: The State is requesting services, not specific technologies. Please see “General Response” above and the response to Q #3 of the Q&A Set released on 11/16/04.

- 1-107. *1.5, Key Action Dates:* When will final RFP requirements be provided to all bidders?

Answer: This is the final RFP. Addenda will be issued as the State sees necessary.

- 1-108. *1.5, Key Action Dates:* We assume that the questions to be addressed at the bidder's conference will be higher level questions to clarify general technological approaches and program management “environments” solicited by the RFP, and the procurement process that will be used. Is the Bidder's Conference phase intended to address these higher level questions, *as well as* detailed questions to clarify ambiguities, apparent omissions, or insufficient information? If not, would DGS establish a due date for submission of these follow-on clarification questions, and could this date be set far enough into the

procurement process to allow bidders sufficient time to more thoroughly evaluate RFP problems/issues?

Answer: The answers provided herein should address many of the high level questions. Detailed questions will not be answered at the bidder's conference. Written questions are welcome throughout the RFP process and answers will be posted on-line on a regular basis.

- 1-109. *1.6, Bidders Conference:* Are there any restrictions on the number of people the State will allow to attend? Is it mandatory?

Answer: There is no limit to the number of people that may attend, however we request that only key personnel attend in order to accommodate all participants. The bidder's conference is optional.

- 1-110. *1.7, Intent to Bid:* Will the list of bidders who have submitted an intent to bid be published to all bidders? If so, when?

Answer: No, the State will not publish such a list. The State will, however, publish a list of respondents to the RFI, and a list of attendees at the bidder's conference.